



A Consumer's Guide to...

SMALL EMPLOYERS HEALTH INSURANCE

A Guide for Employers With 50 or Fewer Employees



A Publication of the Maine Bureau of Insurance

Alessandro A. Iuppa
Superintendent

Updated rates for this and other publications are available on our web site at:
www.MaineInsuranceReg.org

The Bureau of Insurance
34 State House Station
Augusta, Maine 04333
(207) 624-8475
(800) 300-5000 (in State)

Small employer health insurance is available in Maine from several insurers and health maintenance organizations (HMOs). This publication is meant to help small employers understand their options and to provide a comparison of some premiums available in the health insurance marketplace.

Who Is Eligible?

A small employer is one with 50 or fewer eligible employees. Eligible employees are those who work 30 or more hours per week. At the employer's option, part-time employees working as few as 10 hours a week may be considered eligible. Also, at the employer's option, retired employees may be included.

By law, any insurer or HMO in the small employer health insurance market must agree to provide coverage to any small employer who applies, as long as a sufficient percentage of eligible employees and their dependents participate. The insurer or HMO cannot require more than 75% of employees and dependents who do not have other coverage to participate.

A self-employed individual is eligible for health insurance from the insurers shown in this table. If one of these insurers also offers individual health insurance in Maine, that insurer may offer the self-employed individual an individual policy instead of a small group policy.

If you believe that you are eligible for small group health insurance but have been declined for a small group (or an individual) plan by any of the insurers shown in the table, please make a note of the name of the person you spoke to at the insurance company and contact the Consumer Health Care Division of the Maine Bureau of Insurance at one of the phone numbers or the address on the front page of this Guide, or online at

<http://www.state.me.us/pfr/ins/ComplaintForm.htm>.

What is Available?

Most insurers offer many different plans. Plans may vary as to the services covered, the level of benefits that are paid and the extent of managed care provisions. Managed care refers to a variety of provisions intended to avoid paying for unnecessary or extravagant care. The general types of plans available are:

- **HMO** - A "pure" HMO plan generally requires enrollees to choose a primary care physician from a list of participating doctors. Any non-emergency hospital or specialty care requires a referral from the primary care physician. With certain exceptions, no coverage is provided for doctors and hospitals that are not part of the HMO's network.
- **Point-of-Service** - A point-of-service plan is another type of plan offered by HMOs. This plan is similar to a "pure" HMO plan except that services from non-network doctors or hospitals, or services obtained without a referral from the primary care physician, are covered at a lower benefit level rather than being denied.
- **PPO** - A PPO (preferred provider organization) plan is similar to a point-of-service plan except that it is offered by an insurance company rather than an HMO. Also, PPO plans usually do not require a referral from a primary care physician to receive the highest level of benefits for services from an in-network specialist or hospital.
- **DirigoChoice** — DirigoChoice was created as part of the Dirigo Health Reform Act, which is intended to lower health care costs, increase access to health care, and ensure high quality health care. DirigoChoice is PPO plan available to small employers and individuals through Anthem Blue Cross and Blue Shield of Maine. Participation is voluntary. Everyone is eligible, and those with incomes less than three times the federal poverty level qualify for reduced premiums and deductibles. Further information is available on the Dirigo web site at <http://dirigohealth.maine.gov/dhlp02.html> or from Anthem at 1-800-409-7520 (1-888-671-4333 TTY).
- **Indemnity** - An "indemnity" or "fee-for-service" plan does not use a provider network. The same level of benefits apply to any doctor or hospital, and is generally limited to the "usual and customary" charge for the service. If the doctor or hospital charges more than this amount, the patient is responsible for the extra amount. In addition, there is usually an annual **deductible** before benefits begin. Also, there is usually a **coinsurance** provision that requires the insured to pay a percentage of the cost until an out-of-pocket limit is reached. While these plans have fewer managed care provisions than other types, they do have some. For example, a common provision requires the insured to call a toll-free number to receive approval before entering a hospital for non-emergency care.
- **HSA** — An HSA, or Health Savings Account, combines a high-deductible health insurance policy with an

investment account from which employees can withdraw money tax-free for medical care until they meet their deductible or for medical care not covered by health insurance. Otherwise, the money accumulates with tax-free interest until retirement, when they can withdraw for any purpose and pay normal income taxes.

The tax benefits apply to federal income tax only, not to Maine state income tax. The investment account can be funded by the employer, by the employee, or both. The high-deductible health insurance policy must meet standards set in federal tax law. Some policies are designed specifically for this purpose. Other high-deductible policies may qualify, but you or your tax adviser should check the federal standards carefully to be sure.

Are Pre-existing Conditions Covered?

Employees and dependents, who had no coverage during the three months before their new coverage takes effect, may be subject to a pre-existing condition exclusion of up to 12 months. This means that any health condition other than pregnancy for which medical advice, diagnosis, care, or treatment was recommended or received during the six months before the effective date will not be covered for 12 months. However, those who had coverage at any time in the prior three months are protected by Maine's "continuity law." This law prohibits the exclusion of pre-existing conditions except to the extent they would have been excluded under the prior coverage.

An employee or dependent who did not enroll in the employer's plan when first employed, but wishes to enroll later, is considered a "late entrant." Late entrants may be subject to a 12 month pre-existing condition exclusion, or may be required to wait an additional 12 months before enrolling. However, a person will not be considered a late entrant if they initially did not enroll because they had other coverage and that coverage terminates for one of several reasons specified by law. These reasons include loss of coverage through a spouse's plan due to death, divorce, termination of employment, or termination of the group plan. Also, when an employer gains a new dependent through marriage, birth, or adoption, they have a 30 day special enrollment period when they will not be considered a late entrant.

How Much Does It Cost?

Rates cannot differ based on gender, health status, claims experience, or policy duration. Rates can vary based on age, industry and geographic area, but the variation may not be more than 20% above or below the "community rate" for all of these factors combined. The community rate is set by the insurer or HMO and will be different for each insurer and for each plan of benefits. It will also differ for different family structures. Typically, there is one rate for individual employees, another rate for an employee with children, a third rate for an employee and spouse and another rate for an employee, spouse and children. Rates may also vary based on the size of the group or based on tobacco use.

Employers should be aware of an option that may make employees' contributions to health insurance plans more acceptable. Employees may set aside *pre-tax* money to pay for insurance premiums or health care expenses. IRS Code Section 125 allows employees to make their employee health benefit plan premium contributions with *pre-tax* dollars (known as a Premium Only Plan). The employer may also set up a fund to include a Health Care or Dependent Care Reimbursement Account. Employees are then able to set aside *pre-tax* dollars to pay for medical expenses (that are not covered or otherwise reimbursed) and/or child care expenses. The employee decides each calendar year how much to set aside for that year and funds their account with a *pre-tax* contribution each pay period. The employee then makes a claim for reimbursement by submitting proof of incurring a qualifying expense. Any money left unclaimed at year end is forfeited so be cautious in committing an amount to be set aside. Anyone interested in these types of funds should contact a tax attorney, CPA, or other qualified professional.

Another alternative is a health savings account (HSA) which, unlike a Health Care Reimbursement Account, can carry over from year to year. See the section above under "What is Available" for further information on HSAs.

Rate Comparison Chart

The rate comparison chart should be used as a guide only. Companies may offer other plans than those shown in this brochure. Also, do not assume that insurers showing low rates on this chart are necessarily the lowest cost in all situations. For instance, some insurers charge higher rates for smaller groups and lower rates for larger groups to reflect expense savings. Other insurers use the same rates for all groups within the small employer market. Be sure to compare benefits and premiums carefully when considering different plans. In addition to benefits and premiums, service is important to consider when shopping for insurance. A company providing superior service may be worth some additional cost.

The following charts show each insurer’s **monthly** community rates for typical plans. The benefits for each plan are those shown in this table, unless otherwise noted.
Please use these rates **only** as a guide as companies’ rates often change more than once a year.
The rates shown assume a 10 member group and are **monthly** rates.

Companies and Premiums

Company \ HMOs	Office Co-pay	Hospital Co-pay	Drug Co-pay:		
			Generic	Formulary	Brand Name
Aetna Health	\$15/\$25	\$500	\$15	\$25	\$40
Harvard Pilgrim Health Care	\$20	10%	\$10	\$15	\$30
HMO Maine (Anthem Blue Cross)	\$20	\$100 \$50 out patient surgery co-pay	\$10	\$20	\$30

Company \ HMO Point of Service Plans	Office Co-pay	Hospital Co-pay	Drug Co-pay:		
			Generic	Formulary	Brand Name
Harvard Pilgrim Health Care	\$20	10%	\$10	\$15	\$30
HMO Maine (Anthem Blue Cross)	\$20	\$100	\$10	\$20	\$30

Company \ PPO Plans	Deductible:		Coinsurance:	
	In-Network	Out-of-Network	In-Network	Out-of-Network
Aetna Life Insurance Company ¹	\$500	\$500	90/10	70/30
Anthem Blue Cross & Blue Shield ²	\$250 combined deductible		80/20	60/40
Guardian Life Ins Company of America	\$250	\$500	80/20	60/40
HPHC Insurance Company ²	\$1,000	\$1,000	90/10	70/30
John Alden	\$250	\$500	80/20	60/40
Trustmark Insurance Company	\$300	\$600	80/20	60/40
United HealthCare Insurance Company ³	\$250 Plus \$15 in-network office visit & \$75 emergency room co-pay	\$500	80/20	60/40

¹ Plan includes separate \$15/\$25/\$40 drug benefit and in network co-pays for office visits of \$20/\$25

² Plan includes separate \$10/\$20/\$30 drug benefit

³ Plan includes separate \$10/\$30/\$50 drug benefit co-pay with \$250 deductible.

Please use these rates **only** as a guide as companies' *rates often change quarterly*.
The rates shown assume a 10 member group and are **monthly** rates.

Updated as of July 1, 2006

Premium for: Employee Only	Premium for: Employee & Spouse	Premium for: Employee & Child(ren)	Premium for: Employee, Spouse & Children	Telephone Number
\$482.03	\$1,012.33	\$891.82	\$1,446.19	(800) 611-0888
\$385.58	\$809.77	\$732.52	\$1,233.96	(800) 208-1221
\$469.36	\$985.66	\$844.85	\$1,408.08	(800) 585-0099

Premium for: Employee Only	Premium for: Employee & Spouse	Premium for: Employee & Child(ren)	Premium for: Employee, Spouse & Children	Telephone Number
\$443.49	\$931.41	\$842.56	\$1,419.33	(800) 208-1221
\$507.08	\$1,064.87	\$912.74	\$1,521.24	(800) 585-0099

Out-of-Pocket Limit⁺⁺		Premium for: Employee Only	Premium for: Employee & Spouse	Premium for: Employee & Child(ren)	Premium for: Employee, Spouse & Children	Telephone Number
In-Network	Out-of-Network					
\$1,000	\$1,000	\$386.00	\$811.00	\$714.00	\$1,158.00	(800) 611-0888
\$2,250 combined out-of-pocket limit		\$371.71	\$780.59	\$669.08	\$1,115.13	(800) 585-0099
\$750	\$1,500	\$527.54	\$1,030.52	\$967.65	\$1,470.62	(617) 482-2693 (800) 541-4374
\$2,000	\$2,000	\$338.01	\$709.87	\$642.15	\$1,081.74	(800) 208-1221
\$750	\$1,500	\$661.18	\$1,385.73	\$1,253.99	\$1,978.54	(800) 234-6762
\$1,500	\$4,100	\$306.20	\$643.01	\$581.77	\$918.59	(800) 877-9077
\$1,500	\$3,000	\$737.74	\$1,546.47	\$1,155.26	\$1,963.98	(800) 842-8000 (763) 797-2497

⁺⁺ (PPO Chart)

When deductibles plus coinsurance paid during a calendar year reach the out of pocket limit, no further coinsurance has to be paid.

Companies and Premiums

Company \ Indemnity Plan A	Deductible	Coinsurance	Out of Pocket Limit
Aetna Life Insurance Company	No comparable plan available		
Anthem Blue Cross & Blue Shield*	\$250	80/20	\$1,250
Guardian Life Insurance Company of America	\$250	80/20	\$750
John Alden Life Insurance Company	\$250	80/20	\$750
United HealthCare Insurance Company**	\$500 individual \$1,000 family	80/20 plus \$25 office visit & \$75 emergency room co-pay	\$3,000 individual \$6,000 family

Company \ Indemnity Plan B	Deductible	Coinsurance	Out of Pocket Limit
Aetna Life Insurance Company	No comparable plan available		
Anthem Blue Cross & Blue Shield	No comparable plan available		
Guardian Life Insurance Company of America	\$500	50/50	\$1,750
John Alden Life Insurance Company	\$500	50/50	\$1,750
United HealthCare Insurance Company*	\$1,000 individual \$3,000 family	50/50 plus \$25 office visit & \$75 emergency room co-pay	\$3,500 individual \$7,000 family

*Plan includes separate \$10/\$30/\$50 drug benefit co-pays with \$250 deductible.

Premium for: Employee Only	Premium for: Employee & Spouse	Premium for: Employee & Child(ren)	Premium for: Employee, Spouse & Children	Telephone Num- ber
No comparable plan available				
\$545.57	\$1,145.70	\$982.03	\$1,636.71	(800) 585-0099
\$650.76	\$1,284.74	\$1,205.49	\$1,839.48	(617) 482-2693 (800) 541-4374
\$820.10	\$1,719.46	\$1,555.94	\$2,455.31	(800) 234-6762
\$788.52	\$1,653.11	\$1,234.87	\$2,099.46	(800) 842-8000 (763) 797-2497

Premium for: Employee Only	Premium for: Employee & Spouse	Premium for: Employee & Child(ren)	Premium for: Employee, Spouse & Children	Telephone Num- ber
No comparable plan available				
No comparable plan available				
\$611.72	\$1,202.04	\$1,128.25	\$1,718.57	(617) 482-2693 (800) 541-4374
\$651.71	\$1,365.85	\$1,236.00	\$1,950.14	(800) 234-6762
\$714.25	\$1,497.14	\$1,118.42	\$1,901.31	(800) 842-8000 (763) 797-2497

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34 State House Station
Augusta ME 04333